

Message Text

CONFIDENTIAL

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ACTION EA-06

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FM AMEMBASSY MANILA

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C O N F I D E N T I A L MANILA 0096

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E.O. 11652: GDS

TAGS: EGEN, RP, US

SUBJECT: US-PHILIPPINE ECONOMIC RELATIONS QUESTIONS

1. DURING COURSE OF LONG DAY SPENT TOGETHER WITH EXECUTIVE SECRETARY MELCHOR DECEMBER 28, I RAISED WITH HIM NUMBER OF QUESTIONS WHICH HAVE BEEN TROUBLING ME ABOUT U.S.-PHILIPPINE ECONOMIC RELATIONS. I TOLD HIM THAT I FELT THESE SHOULD BE RESOLVED SOONEST IN ORDER TO PAVE THE WAY FOR NEGOTIATION OF U.S.-PHILIPPINE ECONOMIC AGREEMENT WITHIN SCOPE PROVIDED BY THE NEW U.S. TRADE BILL.

2. MY LIST INCLUDED QUESTION OF LAND TITLES, RETAIL TRADE, REPRESENTATION ON BOARDS OF DIRECTORS BY MINORITY INVESTORS, THE PAN AMERICAN CARGO CASE, THE PAL FINE FOR VIOLATION OF USCAB REGULATIONS, THE MOBIL OIL DISPUTE WITH PNOC, THE QUESTION OF COTTON CTONTRACTS, AND THE DISCUSSIONS ON A MULTIFIBRE TEXTILE AGREEMENT. AT MELCHOR'S REQUEST, I JOTTED DOWN THE LIST ON A PIECE OF PAPER WHICH HE UNDERTOOK TO DISCUSS WITH PRESIDENT MARCOS.

3. I HAVE SUBSEQUENTLY LEARNED FROM MELCHOR THAT MARCOS WISHES PERSONALLY TO DISCUSS THIS "AGENDA" WITH ME. THE ONLY ITEM ON WHICH HE HAS REPORTED A DISTINCTLY
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NEGATIVE PRESIDENTIAL REACTION IS THE MOBIL CASE, IN

WHICH MOBIL ACTIONS AND REPRESENTATIONS SEEM TO HAVE RUBBED THE PRESIDENT THE WRONG WAY. MELCHOR ALSO INDICATED THAT MARCOS MAY RAISE SOME OF THESE ISSUES DURING THE VISIT OF SENATOR MANSFIELD ON JANURARY 4.

4. WE WILL PURSUE THESE ISSUES AND WILL REPORT RESULTS AS THEY OCCUR. HOWEVER, WE THINK IT WILL BE IMPORTANT FOR DEPARTMENT AND OTHER WASHINGTON AGENCIES TO RECOGNIZE THAT OUR PROSPECTS FOR SUCCESSFUL RESOLUTION OF THESE ISSUES WILL BE DIRECTLY RELATED TO PHILIPPINE PERCEPTIONS OF U.S. INTENTIONS WITH RESPECT TO NEGOTIATION OF A TRADE AND INVESTMENT AGREEMENTM WE KNOW THAT PHILIPPINE OFFICIALS ARE CONCERNED THAT, DESPITE THE EXPRESS PROVISIONS OF TITLE V, SECTION 504, WHICH ACCORDS THE POSSIBILITY OF SPECIAL PREFERENTIAL TREATMENT TO THE PHILIPPINES, IT IS THE INTENTION OF THE U.S. EXECUTIVE BRANCH TO TREAT THE PHILIPPINES EXACTLY AS ANY OTHER DEVELOPING COUNTRY. PHILIPPINE OFFICIALS CONTEND THEY HAVE BEEN TOLD THIS BY DEPARTMENT REPRESENTATIVES.

5. IT IS MY ASSUMPTION THAT ANY CONVERSATIONS ON THIS SUBJECT TOOK PLACE PRIOR TO ANY ACTION BY CONFERENCE COMMITTEE WHICH SUSTAINED FAVORABLE SENATE LANGUAGE AND MERELY EXPRESSED EXECUTIVE BRANCH RELUCTANCE TO ASK RPT ASK CONGRESS FOR SPECIAL PREFERENCES. IT WOULD BE HELPFUL TO RECEIVE CONFIRMATION ON THIS POINT SO THAT WE CAN LAY THIS PARTICULAR CONTENTION TO REST AND GET ON WITH THE RESOLUTION OF ISSUES LISTED IN PARA 2 ABOVE.
SULLIVAN

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